

Snyder: Michigan chosen through national competition for technical assistance to explore pay-for-success opportunities using social impact bonds

Monday, Sept. 9, 2013

LANSING, Mich. – Michigan has been chosen through a national competition to receive technical assistance from the Social Impact Bond Technical Assistance Lab (SIB Lab) at Harvard Kennedy School to explore tackling persistent social problems with pay-for-success contracts funded by social impact bonds, Gov. Rick Snyder announced today.

With the social impact bonds model, governments team up with service providers and private sector investors to create and fund innovative social programs. Investors are repaid only when the programs reach specific targets and tax dollar savings are achieved.

“This is an exciting opportunity to continue the reinvention of Michigan. We’ll be exploring how we can create cutting edge public-private partnerships to address persistent social problems, fund those programs through social impact bond financing, and save money for taxpayers,” Snyder said. “Michigan is the nation’s Comeback State because we’re constantly looking for new approaches, such as this one, to solve problems.”

The SIB Lab is helping state and local governments across the country develop the ability to use the innovative financial approach to fund programs designed to prevent social problems.

Michigan becomes the eighth state or local government chosen through the national competition, marking the largest expansion of social impact bonds in the United States to date. The other governments selected were: Connecticut, Denver, Colorado, Illinois, New York, Ohio, and South Carolina.

The national competition attracted applications from 28 state and local governments.

Michigan’s first social impact bond project will receive technical assistance from the Harvard SIB Lab, with support from The Rockefeller Foundation and the Laura and John Arnold Foundation.

Established with support from The Rockefeller Foundation, the SIB Lab at Harvard Kennedy School conducts research on how governments can foster social innovation and improve the results they obtain with their social spending. Over the past year, the lab has helped Massachusetts and New York become the first states to develop pay-for-success projects.

“Social impact bonds have traveled from concept to execution faster than any other social innovation in recent history, and we commend Governor Snyder for taking steps to make Michigan one of the leaders in the field,” said Kippy Joseph, associate director for innovation at The Rockefeller Foundation. “The SIB Lab Competition is the next big leap forward for SIBs in the United States, demonstrating the power of public-private partnerships to provide sustainable solutions to the funding problem for critical social services, while creating an environment for impact investors to test this exciting new form of innovative finance.”

Jeffrey Liebman, professor of public policy at Harvard Kennedy School and SIB Lab director, said the SIB Lab “is excited to be working with Michigan in trying to achieve better outcomes for its citizens and make more effective use of taxpayer dollars. In these challenging fiscal times, governments around the country are looking for new strategies to finance preventive investments and spur social innovation. The pay-for-success approach has the potential to generate scalable solutions to some of our nation's most pressing social problems.”

Josh McGee, vice president of public accountability at the Laura and John Arnold Foundation, said the social impact bond model offers a new approach to dealing with high priority social issues.

“We are very excited to be partnering with the SIB Lab at Harvard Kennedy School and The Rockefeller Foundation in supporting the development of social impact bonds,” McGee said. “These innovative funding arrangements target the root causes of social problems and use rigorous evaluation to improve both quality of life and government efficiency.”

The SIB Lab will provide a full-time government innovation fellow who will work in state government for a year, information technology resources to help create systems to measure outcome results, and ongoing technical assistance from Liebman and other senior members of the SIB Lab staff.

The state is issuing a request for information today to identify potential program opportunities, collect information about those ideas, the resources available, and the level of interest of organizations and groups in being involved in pay-for-success efforts funded through social impact bonds. The request for information will be available at: www.buy4michigan.com.

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About The Rockefeller Foundation:

The Rockefeller Foundation aims to achieve equitable growth by expanding opportunity for more people in more places worldwide, and to build resilience by helping them prepare for, withstand, and emerge stronger from acute shocks and chronic stresses. Throughout its 100 year history, The Rockefeller Foundation has enhanced the impact

of innovative thinkers and actors working to change the world by providing the resources, networks, convening power, and technologies to move them from idea to impact. In today's dynamic and interconnected world, The Rockefeller Foundation has a unique ability to address the emerging challenges facing humankind through innovation, intervention and influence in order to shape agendas and inform decision making. Please visit www.rockefellerfoundation.org for more information.

About the Harvard Kennedy School SIB Lab:

The Social Impact Bond Technical Assistance Lab (SIB Lab) at Harvard Kennedy School (HKS) conducts research on how governments can foster social innovation and improve the results they obtain with their social spending. An important part of our research model involves providing pro bono technical assistance to state and local governments implementing pay-for-success contracts using social impact bonds. Through this hands-on involvement, we gain insights into the barriers that governments face and the solutions that can overcome the barriers. These insights are ultimately published in academic papers and policy briefs. By engaging current students and recent graduates in this effort, we are able to provide experiential learning as well. For more information, please visit: www.hks-siblab.org.

About the Laura and John Arnold Foundation:

Laura and John Arnold Foundation is a private foundation that currently focuses its strategic investments on criminal justice, education, public accountability, and research integrity. LJAF has offices in Houston and New York City. For more information, please visit: www.arnoldfoundation.org.